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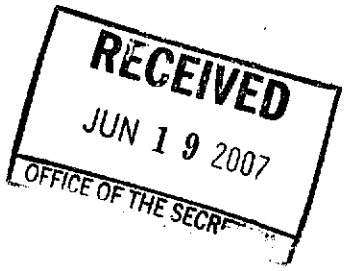
June 18, 2007

Nancy M. Morris, Esquire
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549



Dear Ms. Morris:

This is a request for rulemaking pursuant to Rule 192(a), SEC Rules of Practice.

I. The Rule Being Requested

As the Petitioner, I request that the SEC create a rule which would prohibit broker-dealers from requiring investors to accept mandatory arbitration clauses.

II. The Support For This Petition

In support of this Petition, I am enclosing the following documents:

1. Letter dated May 4, 2004 from Senators Patrick Leahy, Chairman of the Senate Judiciary Committee and Senator Russell D. Feingold, a member of the Senate Judiciary Committee; and
2. Two copies of a Study entitled: *Mandatory Arbitration of Securities Disputes. A Statistical Analysis of How Claimants Fare* (the "Study"), which I co-authored with Edward S. O'Neal, Ph.D.

I incorporate into this Petition the views of Senators Leahy and Feingold, to which I subscribe.

The mandatory arbitration process, run by the NASD and the NYSE, clearly does not have the *perception* of fairness. The Study indicates that the *reality* of the process is consistent with this perception.

The Study raises very troubling issues about the fairness of the mandatory arbitration process. These issues include the following:

- Claimant win rates have steadily declined since 1999
- Claimant win rates are lower against larger brokerage firms
- Awards as a percent of amount claimed in claimant victories have steadily declined since 1998
- The larger the case, the lower the award as a percent of the amount claimed
- The amount an investor can expect to recover going into arbitration has declined from a high of 38% in 1998 to a low of 22% in 2004
- The amount an investor can expect to recover going into arbitration against a large firm in a large case (over $250,000) is 12%.

As stated in the Study, at p. 19:

> As a practical matter, given the low expected recovery percentages, especially for large cases against large firms, and the significant cost to pursue these claims, very careful consideration is required before the decision is made to pursue claims under the mandatory arbitration process.

The mandatory arbitration system, imposed on investors who have no choice other that to submit to it, is totally inconsistent with the statutory obligation of the SEC to insure that rules governing mandatory arbitration are "in the public interest." *See,* 15 U.S.C. §78s-(b)(1) (2000).

The data in the Study clearly demonstrates that this system is *contrary* to the public interest.

III. The Interest of Petitioner in this Petition

I am a securities arbitration attorney who represents investors in major cases against large brokerage firms. I have seen up close and very

personally the devastating consequences to investors who are revictimized by this unfair process.

IV. Conclusion

I adopt fully the following language from the letter of Senators Leahy and Feingold referred to above:

> There can be no doubt that investors would be better off with a choice between the court remedy provided by Congress and SRO arbitration than they are currently with no option but SRO arbitration.

Anything less will undermine further the confidence of the investing public in our financial system.

Thank you for your consideration of this important request.

Sincerely yours,

D. R. Solin

Daniel R. Solin